



## **Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2012**

### **Reporting Standard ARS 120.0 Standardised Approach – Securitisation**

#### *Financial Sector (Collection of Data) Act 2001*

---

I, Charles Littrell, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- REVOKE *Reporting Standard ARS 120.0 Standardised Approach – Securitisation* made by Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2008, and *Reporting Standard ARS 120.0 Standardised Approach – Securitisation* made by Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2011; and
- DETERMINE *Reporting Standard ARS 120.0 Standardised Approach – Securitisation* in the form set out in the Schedule, which applies to financial sector entities to the extent provided in paragraph 2 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities, and the revoked reporting standards shall cease to apply, on the date of registration of this instrument on the Federal Register of Legislative Instruments.

Dated: 23 January 2012

*[signed]*

.....  
Charles Littrell  
Executive General Manager  
Policy, Research and Statistics Division

## **Interpretation**

In this Determination:

**APRA** means the Australian Prudential Regulation Authority.

***Federal Register of Legislative Instruments*** means the register established under section 20 of the *Legislative Instruments Act 2003*.

***financial sector entity*** has the meaning given by section 5 of the Act.

## **Schedule**

*Reporting Standard ARS 120.0 Standardised Approach – Securitisation* comprises the 21 pages commencing on the following page.



# Reporting Standard ARS 120.0

## Standardised Approach – Securitisation

### Objective of this reporting standard

This reporting standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

This reporting standard outlines the overall requirements for the provision of information to APRA in relation to an authorised deposit-taking institution's securitisation exposures. It should be read in conjunction with:

- the versions of *Form ARF 120.0 Standardised – Securitisation* designated for an authorised deposit-taking institution reporting at Level 1 and Level 2, and the associated instructions (all of which are attached and form part of this reporting standard); and
- *Prudential Standard APS 120 Securitisation*.

### Purpose

1. Data collected in *Form ARF 120.0 Standardised – Securitisation* (**ARF 120.0**) is used by APRA for the purpose of prudential supervision, including assessing compliance with *Prudential Standard APS 120 Securitisation* (**APS 120**). It may also be used by the Reserve Bank of Australia and the Australian Bureau of Statistics.

### Application

2. This reporting standard applies to an authorised deposit-taking institution (**ADI**) that satisfies both of the following requirements:
  - (a) it is applying the standardised approach to credit risk to all or part of its securitisation exposures (refer to APS 120 and *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk*); and
  - (b) it is included in one of the classes of ADI to which this reporting standard applies, as set out in the table below.

<b>Class of ADI</b>	<b>Reporting required</b>
Bank – Advanced or Applicant Advanced	Yes
Bank – Standardised	Yes
Branch of a Foreign Bank	No
Building Society	Yes
Credit Union	Yes
Specialist Credit Card Institution (SCCI) <sup>1</sup>	Yes
Provider of Purchased Payment Facilities	No
Other ADI	Yes

This reporting standard may also apply to the non-operating holding company (NOHC) of an ADI (refer to paragraph 4).

### Information required

3. An ADI to which this reporting standard applies must provide APRA with the information required by the version of ARF 120.0 designated for an ADI at Level 1 for each reporting period.
4. If an ADI to which this reporting standard applies is part of a Level 2 group, the ADI must also provide APRA with the information required by the version of ARF 120.0 designated for an ADI at Level 2 for each reporting period, unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by that form for each reporting period. In doing so, the immediate parent NOHC must comply with this reporting standard (other than paragraphs 3 and 10) as if it were the relevant ADI.

### Forms and method of submission

5. The information required by this reporting standard must be given to APRA in electronic form, using one of the electronic submission mechanisms provided by the 'Direct to APRA' (also known as 'D2A') application.

*Note:* the Direct to APRA application software may be obtained from APRA.

### Reporting periods and due dates

6. Subject to paragraph 7, an ADI to which this reporting standard applies must provide the information required by this reporting standard for each quarter based on the financial year (within the meaning of the *Corporations Act 2001*) of the ADI.
7. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this reporting standard more frequently, or less frequently, having regard to:

<sup>1</sup> A specialist credit card institution operating through a branch in Australia (i.e. is incorporated in an overseas jurisdiction) is not required to comply with this reporting standard.

- (a) the particular circumstances of the ADI;
  - (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and
  - (c) the requirements of the Reserve Bank of Australia or the Australian Bureau of Statistics.
8. The information required by this reporting standard must be provided to APRA in accordance with the table below. The right hand column of the table sets out the number of business days after the end of the reporting period to which the information relates, within which information must be submitted to APRA by an ADI in the classes set out in the left hand column.

<b>Class of ADI</b>	<b>Number of business days</b>
Bank – Advanced or Applicant Advanced	30
Bank – Standardised	20
Branch of a Foreign Bank	Not applicable
Building Society	15
Credit Union	15
Specialist Credit Card Institution (SCCI)	15
Provider of Purchased Payment Facilities	Not applicable
Other ADI <sup>2</sup>	20

In some cases an ADI will be both a “bank – advanced or applicant advanced” and a “bank – standardised”. The instructions associated with ARF 120.0 set out the relevant reporting requirements and timeframes in those circumstances.

9. APRA may grant an ADI an extension of a due date in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

### **Quality control**

10. The information provided by an ADI under this reporting standard (except for the information required under paragraph 4) must be the product of processes and controls that have been reviewed and tested by the external auditor of the ADI. AGS 1008 ‘Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions’, issued by the Auditing and Assurance Standards Board provides guidance on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if necessary to enable the external auditor to form an opinion on the accuracy and reliability of the data.
11. All information provided by an ADI under this reporting standard must be subject to processes and controls developed by the ADI for the internal review

<sup>2</sup> The definitions of ‘credit union’ and ‘other ADI’ in paragraph 15 of this reporting standard provide that Cairns Penny Savings and Loans Limited is to be treated in accordance with the reporting period requirements applicable to credit unions.

and authorisation of that information. It is the responsibility of the board and senior management of the ADI to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

## Authorisation

12. When an ADI submits information under this reporting standard using the 'Direct to APRA' software, it will be necessary for an officer of the ADI to digitally sign, authorise and encrypt the relevant data. For this purpose, APRA's certificate authority will issue 'digital certificates', for use with the software, to officers of the ADI who have authority from the ADI to transmit the data to APRA.

## Minor alterations to forms and instructions

13. APRA may make minor variations to:
  - (a) a form that is part of this reporting standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or
  - (b) the instructions to a form, to clarify their application to the formwithout changing any substantive requirement in the form or instructions.
14. If APRA makes such a variation it must notify in writing each ADI that is required to report under this reporting standard.

## Interpretation

15. In this reporting standard:

**ADI** means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

**APRA** means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

**Australian-owned bank** means a locally incorporated ADI that assumes or uses the word 'bank' in relation to its banking business and is not a foreign subsidiary bank.

**authorised NOHC** has the meaning given in the *Banking Act 1959*.

**bank – advanced or applicant advanced** means an Australian-owned bank or a foreign subsidiary bank that has APRA's approval or is seeking APRA's approval to use an internal ratings-based approach to credit risk and/or an advanced measurement approach to operational risk for capital adequacy purposes.

**bank – standardised** means an Australian-owned bank or a foreign subsidiary bank that uses the standardised approaches to credit risk and operational risk for capital adequacy purposes in respect of the whole of its operations.

**branch of a foreign bank** means a 'foreign ADI' as defined in section 5 of the *Banking Act 1959*, but does not include an SCCI that is a foreign ADI.

***building society*** means a locally incorporated ADI that assumes or uses the expression ‘building society’ in relation to its banking business.

***business days*** means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

***class of ADI*** means each of the following:

- (i) bank – advanced or applicant advanced;
- (ii) bank – standardised;
- (iii) branch of a foreign bank;
- (iv) building society;
- (v) credit union;
- (vi) other ADI;
- (vii) provider of purchased payment facilities; and
- (viii) a specialist credit card institution.

***credit union*** means a locally incorporated ADI that assumes or uses the expression ‘credit union’ in relation to its banking business. and, for the purposes of this reporting standard, includes Cairns Penny Savings and Loans Limited.

***foreign subsidiary bank*** means a locally incorporated ADI in which a bank that is not locally incorporated has a stake of more than 15%.

***immediate parent NOHC*** means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC within the meaning of paragraph 10(b) of *Prudential Standard APS 110 Capital Adequacy (APS 110)*.

***Level 1*** has the meaning in APS 110.

***Level 2*** has the meaning in APS 110.

***locally incorporated*** means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or Territory law.

***other ADI*** means an ADI that is not an Australian-owned bank, a branch of a foreign bank, a building society, a credit union, a foreign subsidiary bank, a provider of purchased payment facilities or a specialist credit card institution, but for the purposes of this reporting standard, does not include Cairns Penny Savings and Loans Limited.

***provider of purchased payment facilities*** means an ADI that is subject to a condition on its authority under section 9 of the *Banking Act 1959* confining the banking business that the ADI is authorised to carry on to providing purchased payment facilities.

***reporting period*** means a period mentioned in paragraph 6 or, if applicable, paragraph 7.

***specialist credit card institution*** means an ADI that is subject to a condition on its authority under section 9 of the *Banking Act 1959* confining the banking business that



the ADI is authorised to carry on to the activities of credit card acquiring and credit card issuing in any credit card scheme that was designated as a payment system under section 11 of the *Payment Systems (Regulation) Act 1998* on 11 April 2001.

**stake** means a stake determined under the *Financial Sector Shareholdings Act 1998*, as if the only associates that were taken into account under paragraph (b) of subclause 10(1) of the Schedule to that Act were those set out in paragraphs (h), (j) and (l) of subclause 4(1).

**subsidiary** has the meaning in the *Corporations Act 2001*.

16. APRA may make a determination in writing that an individual ADI of one class of ADI is to be treated, for the purposes of this reporting standard, as though it was an ADI of another class of ADI.

## ARF\_120\_0: Standardised - Securitisation

**Australian Business Number**

**Institution Name**

**Reporting Period**

**Scale Factor**

Millions to one decimal place for banks  
Whole dollars no decimal place for other ADIs

**Reporting Consolidation**

Level 1/Level 2

**Section A: Asset weighting for credit risk capital requirements relating to securitisation and resecuritisation exposures**

Exposures after CRM (1)	Risk-weights % (2)	RWA (3)	Deductions from capital (4)
-------------------------------	-----------------------	------------	-----------------------------------

**1.1 Securitisation exposures with long-term (LTG) and short-term (STG) credit rating grades of:**

1.1.1 LTG1 or STG1			
1.1.2 LTG2 or STG2			
1.1.3 LTG3 or STG3			
1.1.4 LTG4			
1.1.5 LTG5 or LTG6 or STG4		Deduction	
1.1.6 Unrated		Deduction	
<b>1.1.7 Total</b>			

Exposures after CRM (1)	Risk-weights % (2)	RWA (3)	Deductions from capital (4)
-------------------------------	-----------------------	------------	-----------------------------------

**1.2 Resecuritisation exposures with long-term (LTG) and short-term (STG) credit rating grades of:**

1.2.1 LTG1 or STG1			
1.2.2 LTG2 or STG2			
1.2.3 LTG3 or STG3			
1.2.4 LTG4			
1.2.5 LTG5 or LTG6 or STG4		Deduction	
1.2.6 Unrated		Deduction	
<b>1.2.7 Total</b>			

**Section B: Exceptions to the general treatment of unrated securitisation exposures**

	Amount (1)	Credit equivalent amount (2)	RWA (3)
2.1 Other unrated exposures			
2.2 Unrated eligible facilities			
2.3 Eligible servicer cash advance facilities			
<b>2.4 Total</b>			

**Section C:****Credit risk capital requirements relating to cash collateral lodged for securitisation exposures**

Amount (1)	Risk-weights % (2)	RWA (3)	Deductions from capital (4)
---------------	-----------------------	------------	-----------------------------------

**Types of cash collateral**

3.1.1 Cash collateral attracting 0% risk weighting			
3.1.2 Cash collateral attracting 20% risk weighting			
3.1.3 Cash collateral attracting 50% risk weighting			
3.1.4 Cash collateral attracting 100% risk weighting			
3.1.5 Cash collateral attracting 150% risk weighting			
3.1.6 Cash collateral subject to deduction		Deduction	
<b>3.1.7 Total</b>			

**Credit risk capital requirements relating to cash collateral lodged for resecuritisation exposures**

Amount (1)	Risk-weights % (2)	RWA (3)	Deductions from capital (4)
---------------	-----------------------	------------	--------------------------------

**Types of cash collateral**

3.2.1 Cash collateral attracting 0% risk weighting			
3.2.2 Cash collateral attracting 20% risk weighting			
3.2.3 Cash collateral attracting 50% risk weighting			
3.2.4 Cash collateral attracting 100% risk weighting			
3.2.5 Cash collateral attracting 150% risk weighting			
3.2.6 Cash collateral subject to deduction		Deduction	
<b>3.2.7 Total</b>			

**Section D: Early amortisation**

RWA (1)
------------

4. Revolving exposures with early amortisation provisions

--

**Section E: Additional securitisation related deductions from capital**

Deductions from capital (1)
--------------------------------

**5.1 Deductions from Tier 1 capital**

5.1.1 Securitisation start-up costs	
5.1.2 Tier 1 specific deductions (excluding securitisation start-up costs)	
5.1.3 Any other deductions relating to securitisation (50%)	
5.1.3.1 of which: Securitisation exposures that do not meet due diligence requirements	
5.1.3.2 of which: Resecuritisation exposures that do not meet due diligence requirements	

**5.2 Deductions from Tier 2 capital**

5.2.1 Any other deductions relating to securitisation (50%)

**Section F: Summary of securitisation related RWA and deductions from capital****6.1 Risk-weighted assets**

6.1.1 Securitisation exposures	
6.1.2 Resecuritisation exposures	
6.1.3 Other unrated exposures	
6.1.4 Unrated eligible facilities	
6.1.5 Cash collateral	
6.1.6 Revolving exposures with early amortisation provisions	
<b>6.1.7 Total</b>	
6.1.8 Other securitisation related adjustments	
<b>6.1.9 Adjusted total</b>	

**6.2 Deductions from capital**

	<b>Deductions from Tier 1 capital (1)</b>	<b>Deductions from Tier 2 capital (2)</b>
6.2.1 Securitisation start-up costs		
6.2.2 Tier 1 specific deductions (excluding securitisation start-up costs)		
6.2.3 All other deductions relating to securitisation		
6.2.3.1 of which: Securitisation exposures		
6.2.3.2 of which: Resecuritisation exposures		
6.2.4 Other securitisation related adjustments		

# Reporting Form ARF 120.0

## Standardised Approach – Securitisation

### Instruction Guide

This instruction guide is designed to assist in the completion of the *Standardised - Securitisation* form. This form captures the credit risk-weighted assets (**RWA**) and deductions from regulatory capital relating to an authorised deposit-taking institution's (**ADI's**) securitisation exposures under the standardised approach to securitisation. In completing this form, ADIs should refer to *Prudential Standard APS 120 Securitisation (APS 120)*.

### General directions and notes

#### Reporting entity

This form is to be completed at Level 1 and Level 2<sup>1</sup> by each ADI that satisfies both of the following requirements:

- (a) it is applying the standardised approach to credit risk to all or part of its securitisation exposures (refer to APS 120 and *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk (APS 112)*); and
- (b) it is included in one of the classes of ADI to which this form applies, as set out in the table below.

Class of ADI	Reporting required
Bank – Advanced or Applicant Advanced <sup>2</sup>	Yes
Bank – Standardised	Yes
Branch of a Foreign Bank	No
Building Society	Yes
Credit Union	Yes
Specialist Credit Card Institution (SCCI)	Yes <sup>3</sup>
Provider of Purchased Payment Facilities	No
Other ADI	Yes

If an ADI is a subsidiary of an authorised non-operating holding company (**NOHC**), the report at Level 2 is to be provided by the ADI's immediate parent NOHC.<sup>4</sup>

<sup>1</sup> Level 1 and Level 2 are defined in accordance with *Prudential Standard APS 110 Capital Adequacy*.

<sup>2</sup> When an ADI is seeking APRA's approval to use the internal ratings-based approach to credit risk and/or an advanced measurement approach to operational risk, and is therefore classified as a "Bank – Advanced or Applicant Advanced", the ADI may concurrently be classified as a "Bank – Standardised", and therefore also subject to the reporting requirements for a "Bank – Standardised" (refer to the section below on "Where both "Bank – Standardised" and "Bank – Advanced or Applicant Advanced" reporting requirements and timeframes apply to an ADI").

<sup>3</sup> A specialist credit card institution operating through a branch in Australia is not required to complete this form.

## Securitisation deconsolidation principle

Except as otherwise specified in these instructions, the following applies:

1. Where an ADI (or a member of its Level 2 consolidated group) participates in a securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120:
  - (a) special purpose vehicles (**SPVs**) holding securitised assets may be treated as non-consolidated independent third parties for regulatory reporting purposes, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes;
  - (b) the assets, liabilities, revenues and expenses of the relevant SPVs may be excluded from the ADI's reported amounts in APRA's regulatory reporting returns; and
  - (c) the underlying exposures (i.e. the pool) under such a securitisation may be excluded from the calculation of the ADI's regulatory capital (refer to APS 120). However, the ADI must still hold regulatory capital for the **securitisation exposures**<sup>5</sup> that it retains or acquires and such exposures are to be reported in this form (**ARF 120.0**) or *Forms ARF 120.1A to ARF 120.1C IRB – Securitisation* (as appropriate). The RWA relating to such securitisation exposures must also be reported in *Form ARF 110.0 Capital Adequacy (ARF 110.0)*.
2. Where an ADI (or a member of its Level 2 consolidated group) participates in a securitisation that does not meet APRA's operational requirements for regulatory capital relief under APS 120, or the ADI elects to treat the securitised assets as on-balance sheet assets under APS 112 or *Prudential Standard APS 113 Capital Adequacy: Internal-Ratings Based Approach to Credit Risk*, such exposures are to be reported as on-balance sheet assets in APRA's regulatory reporting returns. In addition, these exposures must also be reported as a part of the ADI's total securitised assets within *Form ARF 120.2 Securitisation – Supplementary Items*.

## Reporting period and timeframes for lodgement

The form is to be completed as at the last day of the stated reporting period (i.e. the relevant quarter). The table below sets out the number of business days after the end of the relevant reporting period within which each class of ADI must submit data to APRA.

Class of ADI	Number of business days
Bank – Advanced or Applicant Advanced	30
Bank – Standardised	20
Branch of a Foreign Bank	Not applicable

<sup>4</sup> Refer to paragraph 4 of *Reporting Standard ARS 120.0 Standardised - Securitisation*.

<sup>5</sup> Securitisation exposures are defined in accordance with APS 120.



Building Society	15
Credit Union	15
Specialist Credit Card Institution (SCCI)	15
Provider of Purchased Payment Facilities	Not applicable
Other ADI <sup>6</sup>	20

An immediate parent NOHC must submit data to APRA within the same timeframe as its subsidiary ADI.

**Where both "Bank – Standardised" and "Bank – Advanced or Applicant Advanced" reporting requirements and timeframes apply to an ADI**

In the following cases, an Australian-owned bank or a foreign subsidiary bank must meet reporting requirements and timeframes applicable to both a "Bank – Advanced or Applicant Advanced" and a "Bank – Standardised":

- (a) where the ADI is operating under the standardised approach to credit risk under APS 112, but has applied for IRB approval under APS 113, in which case the ADI will be both a "Bank – Advanced or Applicant Advanced" and a "Bank – Standardised"; and
- (b) where the ADI has received IRB approval under APS 113 in respect of most (but not all) of its operations, and has approval for partial use of the standardised approach under APS 112 for the remainder of its operations.

Such an ADI must report under ARF 120.0 (the **form**) as follows:

---

<sup>6</sup> Cairns Penny Savings and Loans Limited is to be treated in accordance with the requirements applicable to credit unions.

Description of ADI	Reporting requirement	Timeframes for lodgement
ADI is operating under Basel II/APS 112 standardised approach, but has applied to adopt IRB approach for <u>all</u> its operations	Report under the form (for purposes of calculating regulatory capital relating to securitisation activities for all of its operations)	“Bank – Standardised” timeframe (within 20 business days)
ADI is operating under Basel II/APS 112 standardised approach, but has applied to adopt IRB approach for <u>most (but not all)</u> of its operations (or APRA has indicated that it does not propose to grant IRB approval in respect of all of the ADI’s operations)	Report under the form (for purposes of calculating regulatory capital relating to securitisation activities for all of its operations)	“Bank – Standardised” timeframe (within 20 business days)
	Separately report under the form in respect of relevant operations that will remain under the standardised approach (i.e. partial use) after IRB approval given (for purposes of assessing prospective component of regulatory capital relating to securitisation activities after IRB approval (i.e. “parallel run” of data))	“Bank – Advanced or Applicant Advanced” timeframe (within 30 business days)
ADI has IRB approval, but some operations remain under Basel II standardised approach	Report under the form in respect of relevant operations that will remain under standardised approach (for purposes of calculating partial use component of regulatory capital relating to securitisation activities)	“Bank – Advanced or Applicant Advanced” timeframe (within 30 business days)

These ADIs will also have certain reporting obligations under *Reporting Forms ARF 120.1A to 120.1C IRB - Securitisation*.

### Unit of measurement

This form should be completed in Australian dollars (**AUD**) and in accordance with the units set out for each class of ADI in the table below.

Class of ADI	Units
Bank – Advanced or Applicant Advanced	Millions of dollars rounded to one decimal place
Bank – Standardised	Millions of dollars rounded to one decimal place
Branch of a Foreign Bank	Not applicable
Building Society	Whole dollars with no decimal place
Credit Union	Whole dollars with no decimal place
Specialist Credit Card Institution (SCCI)	Whole dollars with no decimal place
Provider of Purchased Payment Facilities	Not applicable
Other ADI	Whole dollars with no decimal place

An immediate parent NOHC must complete this form in AUD and in accordance with the same units as its subsidiary ADI.

Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

## Definitions

In relation to this instruction guide and its corresponding reporting form (ARF 120.0), refer to APS 120 for the definitions of securitisation exposures and other securitisation related terminology.

## Specific instructions

The following instructions are applicable at Level 1 and (where relevant) Level 2.

For on-balance sheet securitisation exposures, the exposure value is to be reported net of specific provisions. For off-balance sheet securitisation exposures, a credit conversion factor (**CCF**) is to be applied to the exposure amount (or the notional amount in the case of eligible facilities) to determine the credit equivalent amount (refer to Attachments B and C to APS 120).

Unless otherwise stated in this instruction guide, deductions from capital relating to an ADI's securitisation exposures, are to be made 50 per cent from Tier 1 capital and 50 per cent from Tier 2 capital, in accordance with Attachment B to APS 120. Deductions from capital may be calculated net of any specific provisions raised against the relevant securitisation exposures (refer to Attachment B to APS 120).

### **Section A: Asset weighting for credit risk capital requirements relating to securitisation and resecuritisation exposures**

#### Column 1. Exposures after CRM

Refer to Attachments B and C to APS 120 for the treatment of credit risk mitigation (**CRM**) for securitisation exposures.

Report securitisation and resecuritisation exposures after CRM, in the relevant rows, for each credit rating grade (refer to Attachment C to APS 120 and *Prudential Practice Guide APG 120 Securitisation*). Securitisation exposures reported under item 1.1 do not include resecuritisation exposures.

#### Column 2. Risk-weights

Risk-weights are pre-defined in this section in accordance with the weightings detailed in paragraphs 4 and 5 of Attachment C to APS 120.

#### Column 3. RWA

Derived fields that are calculated by multiplying the exposure amount after CRM (column 1) for each credit rating grade by the relevant risk-weight (column 2) (refer to Attachment C to APS 120).

#### Column 4. Deductions from capital

Derived fields that equate to the amounts of exposures after CRM corresponding to those credit rating grades for which a deduction is required, in accordance with Attachment C to APS 120.

These deductions are to be made 50 per cent from Tier 1 capital and 50 per cent from Tier 2 capital (refer to Attachment B to APS 120) and are captured in *Section F: Summary of securitisation related RWA and deductions from capital* of this form.

### **Section B: Exceptions to the general treatment of unrated securitisation exposures**

Under APS 120, the general treatment prescribed for unrated securitisation (including resecuritisation) exposures is deduction from capital. This section captures the exceptions to this treatment (refer to Attachment C to APS 120).

#### Column 1. Amount

Report the exposure amount after CRM (as described in section A, column 1 of this instruction guide, except in relation to unrated eligible facilities). For unrated eligible facilities, use the notional amount, which is the face value or gross amount of a given exposure.

#### Column 2. Credit equivalent amount

Derived fields that calculate the credit equivalent amounts for unrated eligible facilities and eligible servicer cash advance facilities using the CCFs detailed in Attachment C to APS 120.

#### Column 3. RWA

RWA are to be calculated in accordance with the requirements detailed in Attachment C to APS 120.

##### 2.1 Other unrated exposures

Other unrated exposures include unrated most senior securitisation exposures and, for asset backed commercial paper securitisations, exposures in a second loss, or better, position (refer to paragraphs 7 to 11 of Attachment C to APS 120).

##### 2.2 Unrated eligible facilities

Refer to paragraphs 12 and 13 of Attachment C to APS 120.

##### 2.3 Eligible servicer cash advances

Refer to paragraph 14 of Attachment C to APS 120.

### **Section C: Credit risk capital requirements relating to cash collateral lodged for securitisation and resecuritisation exposures**

This section captures the RWA and deductions from capital associated with cash collateral provided by the ADI to collateralise its obligations under liquidity and other facilities.

#### **Column 1. Amount**

Report cash collateral facility amounts in the relevant rows for each risk-weight category (refer to Attachment E to APS 120).

#### **Column 2. Risk-weights**

Risk-weights are pre-defined in this section in accordance with the risk-weights for on-balance sheet items in Attachment A to APS 112.

#### **Column 3. RWA**

Derived fields that are calculated by multiplying the exposure amount after CRM (column 1) by the relevant risk-weight (column 2).

#### **Column 4. Deductions from capital**

Derived fields that equate to the amounts of exposures after CRM for which a deduction is required, where the ADI does not satisfy the requirements in Attachment E to APS 120.

These deductions are to be made 50 per cent from Tier 1 capital and 50 per cent from Tier 2 capital (refer to Attachment B to APS 120) and are captured in *Section F: Summary of securitisation related RWA and deductions from capital* of this form.

### **Section D: Early amortisation**

This section captures the RWA for the investors' interest<sup>7</sup> where an ADI transfers a pool of revolving exposures into a securitisation (including a resecuritisation) that contains an early amortisation provision (refer to Attachment G to APS 120).

RWA are to be calculated in accordance with the requirements detailed in Attachment G to APS 120. Report the total amount of RWA for the revolving exposures (that have been transferred into a securitisation) that contain an early amortisation provision.

### **Section E: Additional securitisation-related deductions from capital**

This section captures any additional securitisation-related deductions from capital that are not captured elsewhere in this form. References to securitisation include resecuritisation.

---

<sup>7</sup> Investors' interest is defined in accordance with Attachment G to APS 120.

## 5.1 Deductions from Tier 1 capital

### 5.1.1 Securitisation start-up costs

Report start-up and other establishment costs of a securitisation, where the costs have been capitalised (refer to *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*).

### 5.1.2 Tier 1 specific deductions (excluding start-up costs)

Report all deductions that need to be made specifically from Tier 1 capital, in accordance with APS 120, with the exception of the start-up costs of securitisation that have been capitalised. Include:

- (a) gain-on-sale, including expected future income from a securitisation exposure that an ADI reports as an on-balance sheet asset or profit, until irrevocably received;
- (b) funds provided by the ADI to establish a spread, reserve or similar account, until the funds are irrevocably paid to the ADI;
- (c) the difference between the book value and the amount received by the ADI, where the originating ADI transfers exposures to an SPV below their book value, unless it is written off in the ADI's profit and loss (and capital) accounts;
- (d) any positive mark-to-market value of a basis swap provided to a securitisation, that the ADI has reported as an on-balance sheet asset or profit before it has been irrevocably received; and
- (e) any other Tier 1 specific deductions in accordance with APS 120.

### 5.1.3 Any other deductions relating to securitisation (50%)

Report 50 per cent of any other deductions relating to securitisation that have not been captured elsewhere in this form. Include in this item deductions for exposures where the ADI does not have the information on the underlying collateral necessary to permit exposures to be risk weighted. Refer to paragraph 13 in Attachment B to APS 120.

#### 5.1.3.1 of which: Securitisation exposures that do not meet due diligence requirements

Report 50 per cent of securitisation exposures that do not meet the due diligence requirements in paragraph 13 in Attachment B to APS 120. Do not include resecuritisation exposures in this item.

#### 5.1.3.2 of which: Resecuritisation exposures that do not meet due diligence requirements

Report 50 per cent of resecuritisation exposures that do not meet the due diligence requirements in paragraph 13 in Attachment B to APS 120.

## 5.2 Deductions from Tier 2 capital

Derived field that replicates the amount reported in item 5.1.3 *Any other deductions relating to securitisation (50%)*.

## **Section F: Summary of securitisation-related RWA and deductions from capital**

This section summarises the RWA and deductions from regulatory capital relating to an ADI's securitisation exposures under the standardised approach to securitisation. All fields in this section are derived from the data reported in Sections A to E of this form, with the exception of item 6.1.8 *Other securitisation-related adjustments* relating to RWA and item 6.2.4 *Other securitisation-related adjustments* relating to deductions from capital.

### 6.1.8 Other securitisation-related adjustments (RWA)

Report any other securitisation-related adjustments to RWA, as required by APRA. Any additions to RWA are to be reported as a positive amount and any deductions from RWA are to be reported as a negative amount.

### 6.1.9 Adjusted total (RWA)

Derived field that is calculated by adding or deducting (as appropriate), the amount reported under item 6.1.8 *Other securitisation-related adjustments* to/from item 6.1.7 *Total*, for the calculation of the adjusted total RWA relating to securitisation exposures under the standardised approach.

### 6.2.3 All other deductions relating to securitisation

This item summarises all deductions relating to securitisation that are to be made 50 per cent from Tier 1 capital (column 1) and 50 per cent from Tier 2 capital (column 2).

#### *Column 1 Deductions from Tier 1 capital*

Derived field that sums up item 5.1.3 *Any other deductions relating to securitisation (50%)* of section E of this form, and 50 per cent of the amounts reported in items 1.1.5, 1.1.6, 1.2.5, 1.2.6, 3.1.6 and 3.2.6 of section A of this form.

#### *Column 2 Deductions from Tier 2 capital*

Derived field that replicates the amount reported in column 1.

### 6.2.4 Other securitisation-related adjustments (deductions from capital)

Report any other securitisation-related adjustments to deductions from Tier 1 and Tier 2 capital, in columns 1 and 2 respectively, as required by APRA.

## Related guidance for reporting in ARF 110.0 Capital Adequacy

For capital adequacy purposes, the following items of this form, relating to RWA and deductions from capital, are to be reported under the corresponding items in ARF 110.0 as set out in the table below:

Item in ARF 120.0	Corresponding item in ARF 110.0
Item 6.1.9 <i>Adjusted total</i>	Section B, item 1.2.1 <i>Securitisation – Standardised approach</i>
Item 6.2.1 <i>Securitisation start-up costs</i>	Section A, item 2.6.5 <i>Securitisation start-up costs</i>
Item 6.2.2 <i>Tier 1 specific deductions (excluding securitisation start-up costs)</i>	Section A, item 2.9 <i>Tier 1 specific deductions relating to securitisation (excluding securitisation start-up costs)</i>
Item 6.2.3 <i>All other deductions relating to securitisation</i> (a) column 1 <i>Deductions from Tier 1 capital</i> (b) column 2 <i>Deductions from Tier 2 capital</i>	(a) Section A, item 2.14.4 <i>All other deductions relating to securitisation (50%)</i> (b) Included in section A in the total for item 4.1 <i>Total 50/50 deductions from Tier 2 capital.</i>
Item 6.2.4 <i>Other securitisation related adjustments</i> (a) column 1 <i>Deductions from Tier 1 capital</i> (b) column 2 <i>Deductions from Tier 2 capital</i>	(a) Included in section A in the total for item 2.13 <i>Other Tier 1 capital deductions</i> (b) Included in section A in the total for item 4.2 <i>Other Tier 2 capital deductions as advised by APRA</i>